

Community resources

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courage is contagious

Viewing cable 07TASHKENT2029, RESOURCE NATIONALISM: GRAB WHAT YOU CAN \

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07TASHKENT2029**.

Reference ID	Created	Released	Classification	Origin
07TASHKENT2029	2007-11-26 07:50	2011-08-30 01:44	CONFIDENTIAL	Embassy Tashkent

Appears in these articles:

http://www.letemps.ch/swiss_papers

VZCZCXRO5017
PP RUEHDBU
DE RUEHNT #2029/01 3300750
ZNY CCCCC ZZH
P 260750Z NOV 07
FM AMEMBASSY TASHKENT
TO RUEHC/SECSTATE WASHDC PRIORITY 8834
INFO RUEHAH/AMEMBASSY ASHGABAT 3490
RUEHTA/AMEMBASSY ASTANA 9703
RUEHBJ/AMEMBASSY BEIJING 1062
RUEHEK/AMEMBASSY BISHKEK 4106
RUEHDBU/AMEMBASSY DUSHANBE 3969
RUEHBUL/AMEMBASSY KABUL 2002
RHEHNSC/NSC WASHINGTON DC
RHMFISS/DEPT OF ENERGY WASHINGTON DC
RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC

131470 2007-11-26 07:50:00 07TASHKENT2029 Embassy Tashkent CONFIDENTIAL 07STATE150999 VZCZCXRO5017\
PP RUEHDBU\
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FM AMEMBASSY TASHKENT\
TO RUEHC/SECSTATE WASHDC PRIORITY 8834\
INFO RUEHAH/AMEMBASSY ASHGABAT 3490\
RUEHTA/AMEMBASSY ASTANA 9703\
RUEHBJ/AMEMBASSY BEIJING 1062\
RUEHEK/AMEMBASSY BISHKEK 4106\
RUEHDBU/AMEMBASSY DUSHANBE 3969\
RUEHBUL/AMEMBASSY KABUL 2002\
RHEHNSC/NSC WASHINGTON DC\
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RHEFDIA/DIA WASHDC\
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RUCPDO/DEPT OF COMMERCE WASHDC C O N F I D E N T I A L SECTION 01 OF 02 TASHKENT 002029 \
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DEPT FOR SCA/CEN AND EEB B. GLEN GRIFFIN \
ENERGY FOR CCALIENDO \
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E.O. 12958: DECL: 11/26/2017 \
TAGS: [ECON](#) [EMIN](#) [EPET](#) [PGOV](#) [UZ](#) \
SUBJECT: RESOURCE NATIONALISM: GRAB WHAT YOU CAN \
\
REF: STATE 150999 \
\
Classified By: CLASSIFIED BY ECON OFF B. OLSEN FOR REASONS 1.4 (B, D). \
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11. (C) The natural resources sector is strictly controlled by \
the Government of Uzbekistan (GOU). Its equipment and \
infrastructure is antiquated and, out of economic necessity, \
it relies on foreign firms to help extract and export \
resources. Foreign firms operate in joint ventures with \
state-owned companies, and hold minority stakes. Natural \
resources, especially natural gas and gold, are Uzbekistan's \
most lucrative industries and attract the attention of the \
elite who vie to profit privately. Due to Uzbekistan's \
corrupt and arbitrary business environment, foreign firms \
encounter many difficulties. In 2006 and 2007, the GOU \
aggressively pushed out numerous foreign companies, the \
majority of which worked with natural resources. \
\

Hydrocarbon Sector \ ----- \ \

12. (SBU) U.S. companies are not involved in the direct \
extraction of hydrocarbons in Uzbekistan. The few U.S. \
companies that work in the sector perform seismic surveys, \
refine petroleum products and sell equipment. To date, these \
companies have not lost market access due to resource \
nationalism. However, some companies have reported \
discrimination in the tendering process based on their \
affiliation with the U.S. \
\

13. (SBU) Numerous state-owned and partially state-owned \
petroleum companies operate in Uzbekistan as joint ventures. \
These include Gazprom, Lukoil, Petronas, the China National \
Petroleum Corporation, and the National Iranian Oil Company. \
While some companies, such as Lukoil, report problems with \
the GOU, to date these companies have not completely pulled \
up operations. \
\

14. (SBU) In 2007, China's Sinopec pulled out of a \
non-functioning joint venture with state-owned Uzbekneftegaz. \
The joint venture, created in 2003, planned to invest USD \
113 million to rehabilitate oil fields and explore for new \
deposits. Sinopec cited high local resources taxes as the \
main reason for its departure. \
\

Mineral Resources Sector \ ----- \ \

15. (SBU) Foreign companies in the mineral resources sector \
have had considerable problems with the government in the \
past two years. The GOU expropriated Newmont, a U.S. gold \
mining company, in 2006 from its joint venture that processed \
gold tailings. Before arbitration hearings began, the \
disagreement was resolved in September 2007. The GOU bought \
Newmont out of the joint venture, though for a sum much less \
than Newmont's expected profit over the remaining life of the \
joint venture. \
\

16. (C) The GOU attempted the same with Oxus, a British \
company, in 2006. Oxus struck a deal with the Uzbek-Swiss \
company Zeromax. Zeromax bought 16 percent of Oxus and the \
British company's problems ended. (Note: Zeromax \
unofficially belongs to President Karimov's daughter, Gulnora \
Karimova. It is registered in Switzerland, but in practice \
is an Uzbek company.) \
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17. (SBU) U.S.-owned Nukem has an exclusive contract to export \
the majority of Uzbek uranium. It encountered problems in \
2007, including delay of payments and the GOU refusal to \
abide by the contractual provisions. While the situation is \
improved, it could again deteriorate at any time. In October \
2007, the GOU expropriated the Israeli company Metal-Tech \
Ltd. that processed molybdenum and tungsten. The dispute is \
unresolved. \
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Comment: Who Gains? \

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18. (C) The GOU is not necessarily predatory towards foreign \

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firms in the natural resources sector. However, if a foreign \
company enjoys strong profits, it comes to the attention of \
elite Uzbeks who want a share of the profit. Two elite \
figures have the most to gain from natural resources: Gulnora \
Karimova and Minister of Finance Rustam Azimov. Zeromax is \
the "middle man" for all oil and gas contracts, thereby \
interfacing with Gazprom and Lukoil, which siphon 80 percent \
of Uzbekistan's natural gas exports to Russia. Through \
Karimova's control of Zeromax, she is squarely in control of \
the hydrocarbon sector. Azimov reportedly led the state \
seizure of Newmont and Metal-Tech Ltd., and is in the \
position to unofficially profit from the GOU's control. \
BONNER \